

Legislation limiting rate of interest.

29. **Mr. K. M. Ibrahim (Cranganur).**—Adverting to the Government Order R.-4-470/09, dated 28th November 1933, will the Government state:—

(a) the reasons why they have not redeemed their promise, contained therein, reading, 'Secondly—A Bill will be introduced in the next session of the Legislative Council to limit the rate of interest particularly on secured loans. Such a measure is fully justified by the very large fall which has occurred in prices, one of the effects of which has been a great increase in the amount of debts reckoned in terms of commodities and as a result in the amount of interest payable on them';

(b) whether about 3 years have not elapsed, since the order mentioned in (a) had been issued;

(c) whether they intend to honour their own promise, under reference, at least now with retrospective effect and default—curing—intensity?

Mr. T. S. Narayana Ayyar (Secretary to Government).—

(a) Government considered it advisable to have the question of the proposed legislation examined by the Economic Relief Measures Enquiry Committee. There was strong divergence of opinion in the committee and as the measure was of a highly controversial nature, the idea of legislation on the subject was dropped.

(b) Yes.

(c) In view of the several relief measures since adopted Government do not consider it expedient to undertake any legislation on the subject.

Mr. K. M. Ibrahim (Cranganur).—Were not these Proceedings of the Diwan promising to limit the rate of interest passed independent of and long before the Proceedings constituting the Economic Relief Measures Enquiry Committee?

Mr. T. S. Narayana Ayyar (Secretary to Government).—Proceedings were passed before the Committee was appointed.

Mr. K. M. Ibrahim (Cranganur).—If this order was passed independent of that, how can this order be relevant? Is it not an attempt to confuse the minds of the Hon'ble Members by joining the two issues together?

Inasmuch as this order is quite a different order, subject to no limitation, subject to no condition, which was made quite

independently for the Public of Cochin, by the Government of Cochin, do they not stand committed to keep up their promise especially in a matter of very great importance affecting the vital interests of the vast majority of the indebted peasantry?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—The Proceedings in pursuance of which the Committee was appointed themselves refer to the problem as being a complex one. "On account of the prevailing depression, the agriculturists in the State find it difficult to pay interest on debts incurred by them before the depression began. Owing to the precipitous fall of agricultural prices, debts incurred by agriculturists five or more years ago on the security of their lands have now been increased by anything up to 300 per cent in term of agricultural commodities and the rate of interest has, as a necessary consequence, been similarly raised. In these circumstances it seems to Government desirable to consider if any relief can be granted to agriculturists by temporary legislation to restrict retrospectively the interest on existing loans. The problems raised by the proposal are, however, very complex and Government consider that a committee should be appointed to report on them. The following will be the personnel of the committee appointed for the purpose—etc., etc.,"

Mr. K. M. Ibrahim (*Cranganur*).—On the strength of this Proceedings of the Diwan whether an adjournment motion was about to be moved in this Legislative Council when the Government gave an assurance that the matter would be looked into?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—I want notice.

Mr. P. Kumaran Ezhuthassan (*Vadakkancheri*).—May I know, whether there was a strong divergence of opinion as referred to in the answer?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—The Hon'ble Member may read with advantage the separate minutes of the four dissenting members of the Committee.

Mr. P. Kumaran Ezhuthassan (*Vadakkancheri*).—We take exception to the term 'strong divergence of opinion' contained in the answer.

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—I said "strong divergence" having regard to the concensus of opinion of the differing sections of the Committee. The strength is not in the numerical strength of the members but in the weight of their opinion.

Mr. K. M. Ibrahim (*Cranganur*).—Is that not a common thing in every committee, Sir? If the Government is going to stand upon that there will be no use at all of a Committee, Sir.

Dr. A. R. Menon (Pallippuram).—Do the Government hold the opinion that any measure which is of a controversial nature involving a legislation should be brought without any divergence of opinion?

Mr. T. S. Narayana Ayyar (Secretary to Government).—It has not been stated as a universal practice. I am not going to subscribe to such a large proposition.

Dr. A. R. Menon (Pallippuram).—I am asking if there is a divergence of opinion in any controversial matter that the Government should not undertake legislation?

Mr. T. S. Narayana Ayyar (Secretary to Government).—I never said that.

Dr. A. R. Menon (Pallippuram).—In all these cases of legislation, there is a divergence of opinion.

Mr. T. S. Narayana Ayyar (Secretary to Government).—There may be in some cases.

Mr. K. Ayyappan (Ezhuvas South).—What was the majority with regard to the rate of interest? Was it not the majority opinion that the interest should be reduced?

Mr. K. M. Kunhi Moideen (Kattur).—Our impression was that it was a unanimous recommendation.

Dr. A. R. Menon (Pallippuram).—It will affect adversely the debtor.

Mr. T. S. Narayana Ayyar (Secretary to Government).—It is not the solitary view of this Government alone. Other Governments too have taken that view.

Mr. K. Ayyappan (Ezhuvas South).—What was the Government Members' view on the point?

Mr. T. S. Narayana Ayyar (Secretary to Government).—The views of individual Government Members are not necessarily the views of Government.

Mr. P. Kumaran Ezhuthassan (Vadakkanchiri).—May I know the names of the members of the Committee who reported against?

Mr. T. S. Narayana Ayyar (Secretary to Government).—Messrs. A. Sankara Menon, our Deputy President, M. A. Chakko, retired Excise Commissioner, U. Kandar Menon, retired Diwan Peishkar, and my humble self.

Dr. A. R. Menon (*Pallippuram*).—I suppose there is no foundation for the fear that the Government will be very anxious to protect the interests of the money-lenders?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—No.

Mr. P. Kumaran Ezhuthassan (*Vadakkancheri*).—May I know the names of the Members of the Committee who reported in favour of the limitation of interest at 6 per cent?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—Messrs. C. V. Antony, K. Achyuta Menon, Thomas Manjuran, K. Ayyappan, Rama Varmha Tampuran, the then Secretary to the Diwan, and last but not least Dr. A. R. Menon, the Hon'ble Member for Pallippuram.

Mr. K. Ayyappan (*Ezhuvas South*).—What was the view of the then Diwan Peishkar, the Government Secretary and the Government Advocate?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—I know the views of Messrs. K. Achyuta Menon, Rama Varmha Tampuran and Thomas Manjuran.

Mr. K. Ayyappan (*Ezhuvas South*).—Is that the Government view now?

Mr. President.—Whatever may be the Committee's decision this much is quite clear. If the Government appoint a Committee of officials and non-officials in whatever capacity, Government is not bound by the opinion of the Committee. It will not be binding upon the Government.

Mr. K. T. Mathew (*Kunnamkulam*).—Do the Government now accept the view of the Secretary to Government? Were these Members appointed by Government as Government officials?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—They were not appointed as officials.

Mr. K. T. Mathew (*Kunnamkulam*).—May I take it that they were appointed as non-officials?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—They were appointed as Members of the Committee.

Mr. K. T. Mathew (*Kunnamkulam*).—May I take it that there were no official Members on that Committee?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—It depends upon your interpretation of the term.

Mr. C. R. Iyyunni (*Trichur South*).—Is it possible to divide people either as debtors or as creditors?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—No such exclusive definition is possible. Some of the debtors will be creditors and some of the creditors will themselves be debtors.

Mr. K. M. Ibrahim (*Cranganur*).—Is it not the practice of all the progressive administrations to carry out into effect the recommendations of Government-constituted committees as expeditiously as possible?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—What is the Hon'ble Member's view of a 'progressive administration' and of what a 'progressive' administration ought to do?

Mr. K. M. Ibrahim (*Cranganur*).—I want the Cochin Administration a progressive administration.

Mr. George Parakkal (*Narakkal*).—What is the rate of interest suggested in the Travancore Agricultural Relief Scheme?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—Six per cent. It was, I think, 9 per cent originally, and by an amendment reduced to 6 per cent, the rate at which we are issuing loans from the Land Mortgage Bank.

Mr. K. M. Kunhi Moideen (*Kattur*).—May I know, Sir, what other steps have been taken to reduce agricultural indebtedness?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—I do not think it necessary to answer the question again and again. I have already answered it more than once.

30. **Mr. K. M. Kunhi Moideen** (*Kattur*).—Will the Government state:—

(a) whether in their Communique R.-4-470/1109, dated 28th November 1933, they have not stated "..... A Bill will be introduced in the next session of the Legislative Council to limit the rate of interest particularly on secured loans";

(b) why in spite of the lapse of three years since the issue of the above Communique, they have not carried out the promise contained in it?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—

(a) Yes.

(b) Vide answer to Question No. 29.

Agricultural Moratorium—period—extension of.

31. Mr. K. M. Ibrahim (*Cranganur*).—Will the Government state:—

(a) the circumstances under which they did not extend the period of their Agricultural Moratorium;

(b) whether they intend to cancel all execution proceedings that have resulted from the non-extension of the Moratorium?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—

(a) The Proclamation in question was purely a temporary measure. In view of several other relief measures since adopted, it was not considered expedient to extend its period.

(b) No.

Mr. K. M. Ibrahim (*Cranganur*).—Do not the conditions that warranted the issue of the original proclamation exist now?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—The answer supplied to the question is specific enough. This topic seems to be an hydraheaded one, always rearing its head in one form or another. The question was discussed and the difficulties were pointed out.

Mr. K. M. Ibrahim (*Cranganur*).—It is not an hydra-headed thing. It is a man's head. Am I to take that the Hon'ble Member wants time to answer my question?

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—They have changed perceptibly for the better.

Mr. K. M. Kunhi Moideen (*Kattur*).—May I know what were the special facilities that were given to the debtors to pay up their debts during the moratorium period? No relief was given during the period of moratorium.

Mr. T. S. Narayana Ayyar (*Secretary to Government*).—The moratorium was only to give breathing time, as it were, to the debtors. They never had to pay anything during that period.